# FACTS ON FILE

WORLD NEWS DIGEST WITH INDEX

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## WORLD AFFAIRS

### U.S. Foreign Policy

**Rusk Outlines Views.** State Secy. Dean Rusk held his first official Washington press conference Feb. 6 to outline foreign policy views of the new Kennedy Administration.

He told newsmen that "there will be times . . . when for good reasons . . . we may not be able to furnish detailed information on current negotiations. . . . But the duty of an alert press is to get the news, and there will be times when it will be our duty to be silent. . . . We shall . . . try not to abuse that silence, for there is little doubt that our democracy works best when its leaders are candid."

Major points Rusk made:

**Congo** — The U.S. was consulting with UN Secy. Gen. Hammarskjöld and with other UN member states to learn whether the UN's Congo "mandate . . . can be clarified or strengthened in the hope that peace and order might return to the Congo." "What is needed is a United Nations plan which will bring peace . . . provide an opportunity for the Congolese to work out their own constitutional and political arrangements . . . and open the way for a resumption of the normal economic life." "The primary responsibility rests . . . with Pres. Kasavubu and other Congolese leaders; the United Nations is there to help." With respect to a final settlement of Congolese differences, "we in this country instinctively think of a federal structure as one of the means by which one can resolve differences," but any settlement would "have to be worked out on the ground with the various Congolese leaders."

**Latin America** — "The problem in any consideration of Latin America is the tragedy exemplified by . . . Cuba; the earlier neglect of the aspirations of the Cuban people and the recent imposition of an alien ideology which is seeking to extend its dictatorial system to all of Latin America." "We are prepared to cooperate actively with the other American states to end tyranny, whether of the left or right. . . ." The responsibility for past Cuban neglect lay with "previous regimes in Cuba," but "the rest of us in the inter-American system might have worked harder to point that and other governments in the direction of economic and social reform."

**Laos** — The West had proposed a revival of the International Control Commission for Laos and was awaiting the USSR's reply. The U.S. was "concerned both about a political means for demonstrating that Laos can be . . . independent, peaceful without commitments in any direction" and "stable." Laos could be neutral only if assured true independence "to work out its own institutions." Any Laotian settlement would have to take into account the "unauthorized supply of arms" to various factions and insure "international supervision" that would be "equally applicable to all sides." The U.S.' supply of arms to Laos was not illegal and had been "channeled through the arrangements which were set up under the [1954] Geneva accords."

**U.S.-Soviet relations**—"The release of the RB-47 fliers removed some of the problems between us and the Soviet Union. . . . But we should not suppose that . . . any changed mood in the words which are used on either side . . . means that serious problems have suddenly disappeared." "There is a lot of work to do to find out whether it is possible to find a constructive relationship, step by step, issue by issue, with the Soviet Union. . . ."

**'Silent diplomacy'**—The new Administration did not plan a "reversal" of recent foreign policy techniques in favor of more traditional diplomatic methods. But many important diplomatic negotiations could be "frustrated by premature publicity." In "these complex relationships among governments there is a variety of techniques" that would be used "in relation to the job to be done."

**Communist China** — The U.S. had "strong commitments to our ally," Nationalist China. "That commitment is firm" despite Communist China's view that it was "a major obstacle" to a settlement with the U.S. The question of Chinese representation in the UN was conditioned by "the highly complicated parliamentary situation" in the UN. The U.S. was studying proposals for including Communist China in world disarmament negotiations; "it will not be easy to achieve any realistic or effective disarmament unless all those countries that are capable of producing . . . large armed forces are brought within the system."

**Berlin**—There had been "no change" in the U.S.' or Pres. Kennedy's views on Berlin. "We are deeply concerned about the security and the safety of the people of that city."


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*Week in Headlines*

**Pres. Kennedy sent Congress messages detailing measures "to restore momentum" to the U.S. economy and to reverse the deficit in the U.S. payments balance.**

**Senate passed first major bill — authority for the President to reorganize the Executive Branch.**

**U.S. State Secy. Rusk outlined Kennedy Administration's foreign policy in first news conference.**

**Rebels seized Portuguese cruise ship Santa Maria in Caribbean but surrendered it in Brazil.**

**29 major electrical firms and 44 of their officials were fined — 7 of the officials also were jailed — for anti-trust violations.**

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**NATO**—The U.S. was making an "intensive study" of "proposals . . . to strengthen the NATO system." It hoped to join with other NATO members to implement useful proposals.

**Nuclear tests**—The question of ending the U.S. moratorium on nuclear weapons tests would be decided only "in connection with the progress made in the plans for the [Geneva] nuclear test negotiations."

### Laos

**Invasion Falsehood Admitted.** The Laotian government admitted Jan. 26 that its charges of an invasion by North Vietnamese and other foreign Communist forces were false and were made in a bid for domestic and foreign support.

The admission was made at a Vientiane news conference attended by Premier Boun Oum and Education Min. Nhouy Abhay, who said the accusations had been made to prevent and to "resist foreign invasion."

Nhouy told reporters that Laos had protested to SEATO and to the UN against the alleged invasion in order to demonstrate to the Laotian people that the government was supported by major foreign powers. He explained that "if SEATO really came in there would be international war and this country would be a battleground. Nobody really wants that."

(A U.S. State Department statement issued Jan. 27 said that the U.S. position on Laos was "not changed by the Laos government press conference." The U.S.' official views on Laos, it said, "have been consistently based on substantial reports of . . . [Communist] intervention including the air lift . . . which is continuing.")

**Rebel Government Formed.** The establishment of an interim government to rule rebel-held areas of Laos until the return from Cambodian exile of Prince Souvanna Phouma was announced in a communiqué issued via the Pathet Lao radio and rebroadcast Feb. 2 from Hanoi.

The communiqué, issued by Souvanna's cabinet, disclosed that ex-Health Min. Kham Souk Keola had been named acting premier of an

interim cabinet including ex-Information Min. Quinim Pholsena and ex-Rural Affairs Deputy Min. Tiao Sisoumang Sisaleumsak. Souvanna was reported to have made the appointments effective Jan. 25.

The Boun Oum government announced Jan. 26 that it was prepared to grant Souvanna safe conduct to Laos for talks with King Savang Vathana on his possible inclusion in the Boun Oum cabinet. Information Min. Nhouy Abhay told newsmen that Souvanna would be offered a cabinet post if he severed ties with the Pathet Lao rebels. He said that the Boun Oum regime was "not completely opposed to a union including the Neo Lao Hak Xat," political arm of the Pathet Lao movement, but that experience showed the party was "not free" and could not be trusted.

Communist Chinese Foreign Min. Chen Yi told a Peiping rally in support of the Laotian leftists Feb. 2 that China was ready to aid Souvanna's "lawful" government on request.

**Government Troops Rally.** It was reported that Laotian government troops had halted advancing leftist rebels and had begun Jan. 25 to press them back.

Laotian army units, held up by rebel artillery barrages and rearguard actions, captured 2 villages Jan. 27 on the highway linking Vientiane and Luang Prabang and went on Jan. 29 to capture Muong Kassy, another key road center between the 2 capitals. They seized Sala Pou Koun, last rebel position on the highway, Feb. 4 despite the last-minute supply of arms to rebels there by a Soviet airlift operation begun Jan. 29. The capture of Sala Pou Koun was essential to supply government forces assembling for an attack on rebel-held areas of the Plaine des Jarres.

The Laotian government took over parts of the French-operated Seno Air Base near Savannakhet Feb. 5 despite French protests. Seno was the largest air base in Laos. [See p. 22E3]

**Asians Meet.** The foreign ministers of 4 anti-Communist Asian nations met in Manila Jan. 18-19 and announced their agreement Jan. 19 to a common front against Communist expansion in Asia. The 4 ministers, Felixberto M. Serrano of the Philippines, Chyung Yil Hyung of South Korea, Vu Van Mau of South Vietnam and Shen Chang-huan of Nationalist China, declared that "no free territory can be surrendered without inviting aggression in other free areas of the world."

Serrano attacked the U.S. Jan. 31 for not having consulted SEATO before making public its support for reconstitution of the International Control Commission in Laos.

## *Rebels Seize Portuguese Ship*

**Santa Maria's Cruise.** The 20,906-ton Portuguese cruise ship Santa Maria was captured at gunpoint in the Caribbean Sea Jan. 22 by 24 Portuguese and Spanish exiles and 6 crew members.

The ship's seizure was planned as the first step in the eventual overthrow of the dictatorial regime of Portuguese Premier Antonio de Oliveira Salazar. Riots of Africans and whites in Portugal's West African colony of Angola Feb. 4-7 apparently were linked to the ship's capture.

The seized ship immediately became an object of pursuit by U.S., British and Portuguese naval units. The rebels, after negotiating with U.S. and British officials, surrendered the vessel to Brazilian authorities in Recife Feb. 3.

The capture of the Santa Maria was led aboard the ship by ex-Portuguese Navy Capt. Henrique Malta Galvão, 65. (Galvão had been jailed in Portugal on conspiracy charges in 1959, had escaped, had received asylum in the Argentine Embassy in Lisbon and had been permitted to leave Portugal for Argentina.) The over-all plan was directed from São Paulo, Brazil by Lt. Gen. Humberto da Silva Delgado, 54, who had fled Portugal after losing the 1958 presidential election to a Salazar-picked candidate. (Delgado had been granted political asylum in Brazil in 1959.) Delgado said Jan. 27 that he had planned the Santa Maria's capture in Sept. 1960 and had chosen Galvão as his deputy "to prepare the liberation" of Portugal. [See Vol. XIX, pp. 171F1, 130E-F1]

The Santa Maria had sailed from Lisbon Jan. 9 for a Caribbean pleasure cruise with Port Everglades, Fla. as its scheduled final port. Galvão and 23 other exiles came aboard at La Guaira, Venezuela Jan. 21. They carried false passports and had hidden arms in their luggage.

The ship, carrying 607 passengers, including 42 Americans, and 360 crew members, was taken over by the 24 exiles and 6 crew members Jan. 22 after it had sailed from Curaçao, Dutch West Indies. The Santa Maria's 3d officer, João José do Nascimenta Costa, was killed and 2 crew members wounded in a brief gun battle before the mild resistance collapsed. Galvão then forced the ship's captain, Mario Simoes Maia, to sail for St. Lucia, British West Indies, where the wounded men and 7 other crew members were put ashore Jan. 24.

After a Jan. 23 Portuguese request for aid in finding and returning the Santa Maria, the U.S. and British navies ordered ships and planes in the Caribbean to hunt for the captured vessel. Portuguese warships also took part in the search. U.S. State Department spokesman Lincoln White said Jan. 24 that the U.S. Navy was acting under "international law governing piracy and insurrection aboard ship."

Delgado demanded Jan. 24 that the U.S. and British halt what he called interference in Portuguese politics. He asserted in messages to the U.S. and British ambassadors in Rio de Janeiro that the Santa Maria's capture was not "mutiny or piracy but appropriation of [a] Portuguese transport by Portuguese for Portuguese political objectives." The Portuguese government retorted that the ship had been seized by "outlaws," "not politicians or ideologists."

Delgado directed Galvão Jan. 27 to form aboard the ship an "Independent Junta of Liberation" whose purpose would be to rally Portuguese to prepare for "operations of liberation, occupation, administration and public order." The Brazilian newspaper O Estado de São Paulo Feb. 2 published a "Proclamation of the Portuguese National Independence Liberation Junta" issued by Galvão. It said: The "conquest" of the Santa Maria "prove[d]" that Salazar was "not invulnerable"; "we beat him," and "we will beat him once more"; "we are at war with the Portuguese dictatorship as we are with the Spanish [dictatorship] through our integration with DRIL [The Iberian Revolutionary Directorate of Liberation]." [See p. 39D-F2; Vol. XX, 480A2]

The Santa Maria was sighted in the Atlantic Jan. 25 by a U.S. Navy P2V patrol plane, whose pilot radioed a U.S. demand that the ship put in at the U.S. naval base at San Juan, Puerto Rico. Galvão rejected the demand and said he was heading for Angola. But he said he was willing to meet aboard the Santa Maria "with U.S. authorities or any other than Portuguese or Spanish" to discuss removing the passengers.

In an exchange of radio messages: Adm. Robert Lee Dennison, U.S. Atlantic Fleet commander, told the rebels Jan. 26 that the U.S. agreed to negotiate with them; Galvão said he would not dock until his status as a "belligerent" had been recognized; Dennison assured Galvão Jan. 27 that the U.S. would take no action against the rebels if they debarked the passengers.

After receiving Dennison's Jan. 27 message, the Santa Maria changed course and headed toward Brazil, whose president-elect, Jânio da Silva Quadros (who took office Jan. 31), said Jan. 29 that he would give the Santa Maria's captors asylum. (Officials of the outgoing administration of Brazilian Pres. Juscelino Kubitschek had warned that they would return the ship to Portugal and intern the rebels if they entered Brazilian territory.)

Rear Adm. Allen Smith Jr., commander of the U.S.' Caribbean Sea Frontier, went aboard the Santa Maria in the Atlantic 30 miles off Recife Jan. 31. After conferring with the rebels, Smith said Galvão had agreed to bring the ship into Recife but that no agreement had been made on debarking the passengers. Brazilian authorities took over the negotiations Feb. 1-2 and achieved an agreement under which the passengers debarked Feb. 2. Galvão and his men agreed Feb. 3 to accept Brazilian asylum and to give up the vessel.

(Portugal formally asked Brazil Feb. 2 to return the Santa Maria; it was turned over Feb. 4 to its owner, the Colonial Navigation Co. of Lisbon.)

**Angola Riots.** 27 persons were reported killed Feb. 4-7 in anti-government riots in Luanda, the capital of Portuguese Angola. 7 policemen and

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soldiers were killed Feb. 4 when armed Africans and whites attacked police headquarters and jails in an attempt to free prisoners. Gov. Gen. Alvaro Silva Tavares said he had received "information" of "a plan for agitation from within [Angola] to coincide" with the Santa Maria's seizure. The Portuguese press agency Lusitania reported Feb. 5 that 4 persons were killed and 7 wounded in disorders that broke out during funeral services for the victims of the Feb. 4 shootings. The Johannesburg, South Africa newspaper Rand Daily Mail reported Feb. 7 that gunfighting was continuing in Luanda and that 24 Africans and 3 whites had been killed so far. [See Vol. XX, p. 442A-B1]

3 Liberal Party opposition leaders urged Portuguese Pres. Americo Tomas Feb. 6 to give Portugal a government that would "return fundamental liberties." A 2-page note signed by Mario de Azvedo Gomes, Acacio Gouveia and Eduardo de Figueiredo called government policies "autocratic, repressive and . . . opposed to civil rights" guaranteed in the constitution. They said the Angola rioting increased "alarm and public apprehension."

Tomas had received from 39 non-Communist opposition leaders Jan. 28 a petition calling for a restoration of democracy in Portugal and its colonies. The petition said the Santa Maria's seizure strengthened the need for greater democratic reforms.

### *Red China*

**'Great Leap' Slowed.** Communist China's campaign for a "great leap" forward in industry was ordered curtailed Jan. 20 in favor of increased stimulation of lagging farm output.

The decision was reached in Peiping at a meeting Jan. 14-18 of the Chinese Communist Party Central Committee, presided over by CP Chrmn. Mao Tse-tung, and was made public in a communiqué issued Jan. 20 through the Hsinhua News Agency.

The communiqué admitted that China's grain production had fallen short of the 297 million tons planned for 1960. It blamed the failure on "the most severe natural calamities in a century following upon the serious natural calamities of 1959." Confirming recurrent reports of food shortages approaching famine in some areas, the communiqué warned that "the temporary difficulties in supplying the market caused by the poor harvest and the shortage of raw materials for light industry are important problems" needing quick solution.

"Inasmuch as tremendous [industrial] development had been achieved over the last 3 years," the statement declared, ". . . the scope of capital construction should be appropriately reduced." It ordered "prompt steps to help the development of light industry . . . and suburban agriculture, . . . consumer goods" and non-staple food.

The communiqué asserted that some of the difficulties were due to "sabotage" by "bad elements" in the Communist Party, "landlord, bourgeois and other elements seduced by reactionaries." It charged that these groups had "made use of the difficult conditions created by natural disasters and certain defects." It ordered the immediate start of a purge "throughout the country . . . area by area" to "clear the party of [bad] elements that infiltrated into the party and government departments."

The communiqué announced orders for a reduction in the work hours and elimination of some of the strict work controls imposed on commune workers. (The N.Y. Times reported Jan. 29 that communal production brigades had been given fuller freedom in use of their manpower and machinery and that farmers would be paid on a basis of brigade, rather than commune production and income. It reported Feb. 1 that the shift in control of farm work was leading to dissolution of the commune system and its replacement by production brigades formed by relatively small numbers of farm families. The right to small private plots and restricted numbers of private livestock was said to have been restored.)

(The communiqué, adopted Jan. 18, approved the world policy statement issued Dec. 1960 at the Moscow meeting of 81 Communist parties. It denounced "United States imperialism" as the chief danger to the world and asserted that "the most pressing task now is to prevent the engineering of a new war by the imperialists." These sections were deleted from a version of the communiqué published Jan. 26 by the Soviet CP newspaper Pravda, purportedly as the full text.)

**Kennedy Vs. U.S. Aid.** Suggestions that the U.S. offer Communist China food to alleviate reported famine conditions were discouraged Jan. 25 by Pres. Kennedy. He said at a news conference that he was "not anxious to offer food if it's regarded merely as a propaganda effort." He noted that Red China recently had exported quantities of foodstuffs and said that in view of the Chinese' "belligerent attitude," there was "no indication . . . that they would respond favorably" to U.S. aid.

The U.S. State Department announced Jan. 28 that it had asked for postponement of the U.S.-Communist Chinese negotiations on the release of U.S. citizens held by China. Mr. Kennedy indicated to newsmen Feb. 1 that the talks, carried on by the U.S. and Chinese ambassadors in Warsaw, had been delayed to study a fresh approach on the matter. He warned that "as long as these men are held, it will be extremely difficult to have any kind of normal relations" with Red China.

Australia's sale to Communist China of 1,050,000 tons of wheat and 40,000 tons of flour was confirmed Feb. 6 by Sir John Smith Teasdale, chairman of the Australian Wheat Board. The deal, valued at $60 million, was Australia's largest grain sale since World War I.

The N.Y. Times reported Jan. 27 that Communist China recently had bought 700,000-800,000 tons of chemical fertilizers in Europe. It said Chinese grain exports to the USSR and other Communist countries were reported to have totaled 1,700,000 tons in 1959. [See Vol. XX, pp. 480B2, 423E1, 182F2, 116B1, 33F1]

## NATIONAL AFFAIRS

### *Economic Message*

**Recovery & Expansion.** Pres. Kennedy sent Congress Feb. 2 an economic message proposing a program designed "to restore momentum" to the U.S. economy. The message said "realistic aims" for 1961 were "to reverse the downtrend in our economy, to narrow the gap of unused potential, to abate the waste and misery of unemployment and at the same time to maintain reasonable stability of the price level." Programs for 1962 and 1963, it said, "must aim at expanding" U.S. productive capacity.

The message said: "The urgent economic problem of the day" was the U.S.' "unused potential"; the U.S. "cannot — and will not — be satisfied with economic decline and slack"; "we cannot expect to make good in a day or even a year the accumulated deficiencies of several years."

The message asserted that "an unbalanced economy does not produce a balanced budget" and that "recession . . . forces the budget into imbalance." "The prospect of surpluses" for fiscal 1961 and fiscal 1962 were "fading away," the message declared.

The President said that measures he proposed would "sustain consumer spending and increase aggregate demand now." He promised to make additional recommendations in future messages—specifically on special tax incentives to investment and on a program "to raise the productivity of our growing population, by strengthening education, health, research and training activities"—"for the longer pull to restore our economy." He promised messages in the near future on agriculture, the international balance of payments, on housing and urban planning and on a permanent unemployment compensation system.

The message detailed among measures ordered or recommended:

**Housing**—Ordered: (a) The reduction of the maximum interest rate on FHA-insured loans from 5¾% to 5½%; (b) the temporary halving of the stock subscription requirement applicable to sales of mortages in the Federal National Mortgage Association secondary market; (c) the reduction by the Community Facilities Administration (CFA) of interest rates on new loans and a broadening of the CFA program; (d) a speed-up of approved Housing & Home Finance Agency projects.

The President said he had telegraphed 297 mayors Feb. 2 "to urge that they review their urban renewal projects" and hasten their completion. [See p. 16F1-B2]

**Unemployment**—Recommended: (1) **Temporary extension** of the duration of benefits to unemployed persons (500,000) who had exhausted regular benefits since Oct. 31, 1960. (The money was to "be advanced from [federal] general revenues and later repaid in full from increased contributions obtained by raising the taxable

payroll maximum per employe from $3,000 to $4,800 annually." The U.S. was to pay "for all weeks of benefits beyond" 26 up to the maximum limit of 39 weeks.) (2) "An interim amendment to the Aid to Dependent Children program to include the children of the needy unemployed." (3) Prompt enactment of an area redevelopment bill. (The President had urged this Jan. 25 in letters to Vice Pres. Johnson and House Speaker Sam Rayburn.)

Ordered: Expansion of counseling and placement services of the U.S. Employment Service to take care of (a) workers in depressed areas or in rural areas of chronic under-employment, (b) job seekers who were displaced by automation, in upper age brackets or who recently graduated from college or high school. [See p. 6A-G3]

**Food stamp program**—Ordered: Action by the Agriculture Secretary (a) to establish a pilot food-stamp program for needy families in West Virginia, Pennsylvania, eastern Kentucky, northern Minnesota, southern Illinois and the Detroit area; (b) to recommend improvements for the school lunch program. [See p. 25D3]

**Social Security** — Recommended, to become effective Apr. 1 and paid for by additions, effective Jan. 1, 1963, of ¼% each to the employer's and employe's contributions: (a) An increase (from $33 to $43) in the minimum monthly benefit for retired workers (affecting 2,200,000 people in the first 12 months); (b) payment of actuarially reduced benefits to men at age 62 (affecting 600,000); (c) liberalization of the insured-status requirement to enable a person to get benefits if he were employed in jobs covered by Social Security for one out of every 4 quarters after 1950 (affecting 170,000); (d) an increase in aged widow's benefits from 75% of her husband's benefit amount to 85% (affecting 1,550,000); (e) a broadening of the disability insurance program to include disabled workers and their families "after the worker has been totally disabled" for 6 months (affecting 85,000 in the first 12 months). [See Vol. XX, p. 337B2]

**Veterans** — Ordered: Advancement by the Veterans Administration of "the payment of the 1961 dividend of $258 million on National Service Life Insurance" and U.S. Government Life Insurance policies (payments expected to begin within 30 to 60 days). An additional dividend was to be paid in 1961 "if sound insurance practices" justified it.

**Minimum wage**—Recommended: (a) A raise in the minimum wage to $1.15 immediately and to $1.25 within 2 years; (b) extension of coverage, beginning at $1 and gradually increased to $1.25, to several million workers currently not covered. [See Vol. XX, pp. 477E1, 377B2]

**Public projects** — Ordered: (a) Reviews and inventories of government procurement, construction, public works and natural resources projects "to determine which projects may be suitable for early initiation or acceleration . . ." with "a particularly high priority" given to projects in areas of labor surplus; (b) action by the Commerce Secretary "to make available to the states immediately the entire balance of federal-aid highway funds [$724,000,000]" planned for fiscal 1961.

**Long-range growth**—Recommended: Establishment of a new minerals policy and programs for: water resources, with priority on water desalinization; forest resources, with expanded U.S. credit provisions; energy resources, with attention to providing energy from nuclear sources.

**Labor-management**—The President promised to establish an Advisory Committee on Labor - Management Policy to promote collective bargaining, industrial peace, sound wage and price policies, "a higher standard of living, increased productivity" and the U.S.' competitive position in world markets. The panel would also consider the problems created by automation. [See p. 26D1-C3]

(Pres. Kennedy announced his VA, FHA, FNMA, CFA and pilot food project orders at his news conference Feb. 1.)

### *Balance of Payments*

**Kennedy's Program.** Pres. Kennedy sent to Congress Feb. 6 a message in which he outlined his plans for attacking the problem of the deficit in the U.S.' balance of international payments. The U.S. "must, in the decades ahead, much more than at any time in the past, take its balance of payments into account when formulating its economic policies and conducting its economic affairs," the message asserted. It said that Mr. Kennedy's proposals, "combined with increasing confidence in the dollar abroad and steady economic growth at home, can cure the basic long-term deficit in our balance of payments and check the outflow of gold."

**Current situation** — The message said: The U.S. payments deficit averaged about $1 billion annually from 1951 to 1957, increased to $3.5 billion in 1958 and to $3.8 billion in 1959, and was estimated to be $3.8 billion in 1960; the U.S.' "basic deficit of $1.5 billion" was "of manageable proportions," but "the time has come to end this deficit"; "powerful resources stand behind the dollar"; the U.S. gold reserve of $17.5 billion was more than 1½ times foreign official dollar holdings and about 2/5 of the gold stock of the entire free world; Western European countries "whose currencies are now strong owe us long-term governmental debts of $2.9 billion"; "our private short-term assets abroad now are estimated at $4.5 billion"; "our long-term private investments in foreign countries . . . total over $44 billion, exceeding foreign investments in the U.S. economy by some $28 billion."

**Goals**—Among the message's assertions: (1) The U.S. official dollar price of gold "can and will be maintained at $35 an ounce." (2) "We must now gain control of our balance of payments position . . ." so that any future outflow of dollars would be "the result of considered judgments. . . ." (3) The U.S. must emphasize expanding exports. (4) "A return to protectionism is not a solution." (5) The balance of payments cannot be strengthened "at the expense of the developing countries." (6) The U.S. must lead "in harmonizing" the economic policies of the major industrialized nations.

**Short-term action**—The message announced these "measures to ease the short-term problem":

1. "Measures to improve international institutions" — The Treasury Secretary had been directed to study ways to strengthen international monetary institutions, especially the International Monetary Fund.

2. "Use of United States drawing rights in the International Monetary Fund" — "If and when appropriate, these rights should and will be exercised. . . ." The U.S. would also seek "to facilitate drawings by other members in the currencies of industrialized countries. . . ."

3. "Special interest rates for dollar holdings by foreign governments and monetary authorities" — The Federal Reserve Act should be amended to permit the Federal Reserve System to establish separate interest rates on deposits of "foreign governments or monetary authorities" while domestic rates "could be held at a lower level." The Treasury Secretary had been ordered to "to issue securities, at special rates of interest, for subscription and holding exclusively by foreign governments or monetary authorities." Congress should enact a measure "to unify the tax-treatment accorded the earning assets of foreign central banks."

4. "Prohibition on holding of gold abroad by Americans" — The recent order "will be maintained." [See p. 15D2]

**Long - term action** — "Measures to achieve longer-term equilibrium," as detailed in the message:

1. "Action by the Senate to approve the Organization for Economic Cooperation and Development. . . ."

2. "Export promotion"—"The Commerce Department is doubling its trade mission program from 11 to 18 per year. . . . I am ordering rapid completion of our 2 new foreign trade centers at London and Bangkok"; a study had been ordered to see if 3 more could be added in Africa, Latin America and Europe.

3. "Cost and price stabilization"—U.S. goods must be competitively priced.

4. "Export guarantees & financing" — These were not yet adequate. The Export-Import Bank president had been instructed to prepare a new program "to place our exporters on a basis of full equality with their competitors in other countries."

5. "Foreign travel to the United States"—U.S. travelers annually spent some $2 billion in foreign countries while foreign travelers only spent about $1 billion in the U.S. "A major new program to encourage foreign travel" in the U.S. would be proposed by Apr. 1.

6. "Agricultural exports"—Export expansion was a "primary objective of our new farm programs."

7. "Policy on economic assistance"—Primary emphasis was on the procurement of American goods. Not more than 20% of the $2.6 billion spent for economic and allied aid in 1960 was "today available for expenditures outside" the U.S. "A closer review" would be maintained until the U.S. could discuss with other countries "the desirability of instituting common policies for worldwide procurement. . . ." [See Vol. XX, pp. 440F3-441A1]

8. "Tariffs, restrictions and discriminations against American exports"—The U.S. would press for removal of remaining quota curbs.

9. "Promotion of foreign investment in the United States"—"We are initiating . . . a new program to bring investment opportunities in the United States to the attention of foreign investors. . . ."

10. "Abuse of 'tax havens'; taxation of American investment abroad"—A study would be made to see if "undue amounts" of U.S. capital went abroad because of "preferential treatment."

11. "Foreign assistance contribution to the less developed countries and the common defense . . ."

12. "Reduction of customs exemption for returning American travelers"—Congress should enact a "return to the historic basic duty-free allowance of $100." (Current allowance: $500.)

13. "Centralized review of dollar outlays"—All overseas outlays must be analyzed to gain an understanding of their "projected impact" on the balance of payments.

14. "U.S. military expenditures abroad"—The Defense Secretary had been ordered to rescind the current limitation on dependents abroad and instead to limit dollar expenditures abroad by military personnel. The dependents' limitation was "not the best way" to accomplish a saving and "was seriously hurting morale and recruitment in the armed forces." [See Vol. XX, p. 419F1]

(The repeal of the travel restrictions on dependents of service personnel overseas had been announced by Pres. Kennedy at his news conference Feb. 1.)

The Secretary was also ordered "to review the possibilities for savings in the logistic support of our forces, including the combined use of facilities with our allies." Allies would be urged to buy newer weapons, and U.S. procurement for U.S. forces abroad would continue to be emphasized "even though some increased budgetary cost may be incurred." [See p. 36F2-A3]

## *Other Presidential News*

**2d News Conference.** Pres. Kennedy held his 2d news conference Feb. 1. It was televised "live," but Presidential Press Secy. Pierre Salinger said the next 2 Presidential news conferences would not be carried on "live" TV. [See p. 37D-E2]

Asked whether he would agree to debate with a rival Presidential candidate in 1964, Mr. Kennedy replied, "I would, yes." [See Vol. XX, p. 367A3]

**Military Speech Curbs.** Pres. Kennedy, at his Feb. 1 press conference, defended a White House order requiring almost complete revision of a speech prepared by Adm. Arleigh A. Burke, chief of naval operations.

The speech, which originally had included a denunciation of the USSR, was delivered by Burke in altered form when he received the Silver Quill Award of National Business Publications in New York Jan. 27.

"There is some value in coordinating statements made by high-ranking responsible officials . . . involving national security . . . and making sure . . . that they represent national policy," the President said. He called this a "traditional" procedure. He pointed out that when "a high-ranking military figure makes a speech which affects foreign policy or possible military policy," foreign governments "have a right to expect that that speech represents the opinion of the national government." He suggested that when Burke had drafted his speech he "may not have known, nor did any of us, whether these [RB-47] fliers would be released, for example." [See p. 33B1-D2]

The curb on Burke had been attacked by Sen. Styles Bridges (R., N.H.) Jan. 28 and Sen. Barry Goldwater (R., Ariz.) Jan. 30 as "gagging."

Mr. Kennedy was asked at the Feb. 1 press conference whether he would release the "Gaither report," a document criticizing U.S. defense policies that had been submitted to Pres. Eisenhower in 1957 by a committee headed by H. Rowan Gaither Jr. The Eisenhower Administration had refused to make it public. Mr. Kennedy replied that he had been reading the report and 2 matters were involved: (1) "Some . . . provisions are quite dated and rest on assumptions which are no longer valid"; (2) "some portions . . . do involve security information." He said he hoped soon to decide "whether . . . it would be possible to release those parts . . . which would not adversely affect" security and "which would assist us at our present time." [See Vol. XVII, p. 419D-E1]

(White House Press Secy. Pierre Salinger indicated in a speech at the National Press Club in Washington Jan. 25 that he thought too much security information had been made public. He said: a committee had been directed, as a test, to develop estimates of the U.S.' military strength from available materials; "their estimate was almost totally accurate.")

**'Anti-Recession' Bills.** The President submitted to Congress Feb. 6 the first 2 bills of his "anti-recession" package. The bills would provide: (a) an estimated $950 million additional unemployment compensation for about 3 million workers whose benefits had been exhausted; (b) temporary federal aid, at an estimated cost of $305 million over a 15-month period, to state programs for children of needy unemployed workers. [See p. 36E2]

**Farm Reports.** 4 task force reports on farm problems were released by the White House Jan. 31.

The report of the task force on the farm surplus problem warned that the U.S. grain situation was "becoming unmanageable" due to excess output. It said continued overproduction could adversely affect the livestock, meat, dairy and poultry industries.

To cope with the surplus problem, the task force, headed by J. Norman Efferson, dean of the Agricultural College of Louisiana State University, urged a greatly expanded land retirement program and curtailment of land reclamation programs. Farmers' participation in the land retirement program "should be a condition for receiving price support," the task force declared. The report proposed that $250 million worth of agricultural conservation payments scheduled to be used for increasing farm output should be used instead "as part of the fund for land retirement." The task force reported that about ⅓ of the net income of the U.S. farm population came from non-farm sources in 1959.

The report also said that: (a) distribution of food surpluses to needy people in the U.S. should be encouraged; (b) land retired from cotton, wheat and other crops with acreage allotments should be placed in the conservation reserve; (c) an increase currently in price supports for wheat and corn "would be unwise"; (d) the market position of cotton and rice would be improved by a general land retirement program; (e) dairy price supports should remain unchanged.

A feed grain task force, headed by Fred Heinkel of the Missouri Farmers Association, disagreed with Efferson's report and advocated a raise in feed grain price supports.

A wheat task force, headed by Kansas State University Prof. John Schnittker, proposed a national marketing quota system based on the number of bushels of wheat for domestic and export use minus 100 million bushels. Price supports would be based on quota needs.

The cotton task force, headed by Alexander Nunn, executive editor of The Progressive Farmer of Birmingham, Ala., urged continuation of the current income support program.

(A conference of 450 farm leaders in Washington ended Jan. 26 after conflicting viewpoints had been presented on how to solve the farm problems. The conference had been suggested by Agriculture Secy. Orville L. Freeman.) [See pp. 25C-E3, 14E2-A3, 11D1, F2-A3]

**Resources Program.** A special task force report on natural resources, submitted to Mr. Kennedy and released Jan. 17, said "atomic power, developed and financed by the people, should be made available from federal nuclear plants as soon as production costs can be materially reduced." It said nuclear devices could be used for constructing waterway projects and recovering minerals.

The task force, headed by Rep. Frank E. Smith (D., Miss.), said economically distressed areas could be aided by: (a) a watershed program to develop the "recreational potential" in large urban areas (a goal of 2,000 watersheds completed or under construction by 1968 was recommended); (b) reforestation, soil conservation, park improvement and wildlife refuge work, which offered "a potential for employment" for "idle young men" 16-21 years old; (c) utilization of "coal by wire" from Pennsylvania and West Virginia mining areas to provide fuel for regional power systems.

The report also recommended: (1) Enactment of the "Blatnik Pollution Control Bill, vetoed in 1960"; (2) development of "cost allocation formulae for multiple-purpose projects . . . consistent with the principle of regulation by competition"; (3) development of abundant electricity from "investor-owned, local public, or cooperative distribution systems"; (4) "freedom of the waterways from tolls"; (5) development of "shorelines parks"; (6) a research program for conversion of saline and brackish waters. [See p. 11A-B3]

**Tariff Raise Refused.** Pres. Kennedy Feb. 6 rejected 2 appeals to raise duties on imported twines and cordage under the "escape clause" of the Reciprocal Trade Agreements Act. The President ruled that the proposed increase "was not warranted." When the Tariff Commission had acted on the case in Dec. 1960, 2 commissioners had voted for and 2 against an increase, and 2 had not voted. The cordage involved was principally imported from Canada and Mexico. Mr. Kennedy had testified in 1956, as a Senator, on behalf of the Plymouth Cordage Co. (Mass.) during the company's appeal for higher tariffs. [See Vol. XX, p. 297C1]

## Congress

**Reorganization Bill Passed.** The Senate Feb. 6 passed by voice vote and sent to the House a bill (S153) to restore through June 1, 1963 the President's power to reorganize the Executive Branch. The measure would authorize him to send Congress reorganization plans, which would take effect 60 days after submission unless vetoed by majority vote of either the Senate or House. [See Vol. XX, p. 272B2]

**Appointments Confirmed.** The Senate confirmed the appointment of Chester Bowles (D.) as State Undersecretary Jan. 23 with only GOP Sens. Norris Cotton (N.H.), Barry Goldwater (Ariz.), Andrew F. Schoeppel (Kan.) and Carl T. Curtis (S.D.) voting against him. Cotton said Bowles "thinks with complete sincerity we should sooner or later . . . give recognition to Red China." Goldwater said Bowles seemed "dedicated to the idea that we can proceed with disarmament" negotiations that inevitably would involve dealing with Communist China. Bowles had told the Senate Foreign Relations Committee Jan. 19, before it voted unanimously the same day to recommend his confirmation, that U.S. recognition of Communist China was "completely unnegotiable" for "the time being." But he said that "if we didn't take into consideration the 650,000,000 of China in any disarmament agreement, the joke would be on the human race." [See Vol. XX, p. 448D-E2]

John B. Connally (D.) was confirmed as Navy Secretary Jan. 23 with only Sen. William Proxmire (D., Wis.) voting against him. Proxmire charged that Connally's associations with the oil industry constituted a "conflict of interest." Proxmire opposed Connally's serving as co-executor of the estate of Texas oil man Sid W. Richardson and said Connally had been a director of a lobby in 1954 for a natural gas bill to exempt the industry from regulation. [See Vol. XX, p. 468D3]

Kenneth Holum (D.) was confirmed Jan. 30 as Assistant Interior Secretary although Goldwater had complained that Holum had a background "as a crusader for public power." [See p. 25E-F1]

Robert V. Roosa was confirmed as Treasury Undersecretary by the Senate Jan. 30. The Senate Finance Committee had backed him Jan. 25 after he had testified the same day that he hoped the 4¼% interest ceiling on new U.S. bond issues maturing in 5 years or more would eventually be removed. [See Vol. XX, p. 476F2]

Other confirmations: Jan. 23—Defense Secy. Roswell L. Gilpatric (D.); Assistant Defense Secretaries Charles J. Hitch (D.), Paul H. Nitze (D.), Arthur Sylvester (independent), Thomas D. Morris (independent); Army Secy. Elvis J. Stahr Jr. (D.); Air Force Secy. Eugene M. Zukert (D.); Asst. Navy Secy. James H. Wakelin Jr. (R.); AF Undersecy. Joseph V. Charyk (R.); AF Asst. Secy. Lyle S. Garlock; Deputy Atty. Gen. Byron R. White (D.); Solicitor Gen. Archibald Cox (independent); Deputy Postmaster Gen. H. W. Brawley (D.); Defense Department general counsel Cyrus R. Vance (D.).

Jan. 26—Export-Import Bank director George Docking (D.); members of the Council of Economic Advisers Walter W. Heller, Kermit Gordon, James Tobin.

Jan. 30—State Undersecy. George W. Ball (D.); Asst. State Secy. G. Mennen Williams (D.); Deputy State Undersecy. Roger W. Jones (R.); Interior Undersecy. James K. Carr (D.); Asst. Interior Secy. John A. Carver Jr. (D.); Interior Department solicitor Frank Barry (D.); Commerce Undersecy. Edward Gudeman Jr. (D.); Labor Undersecy. W. Willard Wirtz (D.); Asst. Labor Secy. Jerry R. Holleman (D.); Women's Bureau director Mrs. Esther Peterson (D.); Treasury Undersecy. Henry H. Fowler (D.); U.S. Treasurer Mrs. Elizabeth R. Smith (D.); VA administrator John S. Gleason Jr. (D.).

**Mansfield for Copper Cartel.** The creation of a copper cartel to stabilize prices and encourage production was proposed by Sen. Mike Mansfield (D., Mont.) in a Senate speech Jan. 31. Mansfield said he was opposed to cartels but that "in special situations they can perform a . . . worthwhile industrial use." "In view of world conditions," he said, "the only way to face up to the ups and downs which prevail in the copper industry is a cartelization of sorts, under careful supervision, agreed to and supported by the copper-producing nations. . . ." (Mansfield Jan. 30 sent Pres. Kennedy a letter urging him to call an international copper conference.) [See p. 8G1]

## Civil Rights

**White Boy Defies Boycott.** The white students' boycott in effect since Nov. 14 at McDonogh No. 19, one of New Orleans' 2 integrated schools, was broken Jan. 27, 30 and 31 by Gregory Thompson, 9, but the Thompson family reportedly moved from New Orleans Feb. 1. Dr. James F. Redmond, New Orleans schools superintendent, said Jan. 27 that the boy's father, John N. Thompson, 33, was "tired of seeing his boy go over the same work he did last year." Gregory's brother Michael, 8, also attended McDonogh Jan. 31. The boys were accompanied to and from school by U.S. deputy marshals. A jeering crowd of white women gathered at the school each day.

Thompson, a $70-a-week employe of a New Orleans Walgreen Co. drug store, said Jan. 30 that he had been ordered by his landlady to vacate his 4-room apartment. The Walgreen Co. said Feb. 1 that Thompson had requested to be transferred to another Walgreen store. A few days earlier Thompson had said he had been told not to report for work, but Walgreen officials said Jan. 28 that Thompson was being transferred to another store in "a routine and normal procedure." The store was picketed Jan. 31.

3 Negro girls were the only other pupils attending McDonogh No. 19.

A 3-judge federal court in New Orleans Jan. 13 issued orders (a) voiding a resolution adopted Jan. 12 by the Louisiana Legislature to declare Redmond a usurper in office and (b) forbidding a Legislative move to replace the New Orleans school board. [See Vol. XX, pp. 477G3-478A1]

**Tennessee Desegregation.** 2 undergraduate schools of the University of Tennessee in Knoxville were desegregated Jan. 2 with the registration of 2 Negroes, Theotis Robinson Jr. in the College of Liberal Arts and Charles Edgar Blair in the College of Business Administration. [See Vol. XX, p. 411G3]

Davidson County, Tenn. schools were desegregated Jan. 25 under federal court orders. About 50 Negro pupils enrolled for integrated classes. [See Vol. XX, p. 379C2]

**New Rochelle Held Biased.** Judge Irving R. Kaufman ruled in U.S. District Court in New York Jan. 24 that the New Rochelle (N.Y.) Board of Education had "intentionally created" and for 11 years had purposefully maintained "Lincoln School as a racially segregated school [for Negroes], and has not . . . acted in good faith to implement desegregation." Kaufman ordered the board to submit to him by Apr. 14 a desegregation plan for the 1961-62 school year.

The ruling was based on testimony during 7 days of hearings in Nov.-Dec. 1960 on a suit filed Oct. 20 by parents of 11 Negro children who had been denied the right to register in any New Rochelle school but the Lincoln School.

Kaufman's ruling said: "The presence of some 29 white children . . . [did] not afford the 454 Negro children in the [Lincoln] school the educational and social contacts and interaction envisioned" by the 1954 Supreme Court decision on desegregation; "compliance with the Supreme Court's edict was not to be less forthright in the North than in the South; no double standard was to be tolerated"; the Lincoln School had been established "by the gerrymandering of district lines, and by the transfer of white children residing in the district to schools outside the district"; the board had "hired experts, made surveys, and constantly reiterated its belief in racial equality," but in 11 years it had taken "no action whatsoever to alter the racial imbalance." [See Vol. XX, p. 458E-G2]

## Other U.S. News

**Film Censors Upheld.** A Chicago ordinance barring public showing of motion pictures without prior approval of city censors was upheld Jan. 23 by a 5-4 Supreme Court decision. The ordinance had been attacked by the Times Film Corp. as a violation of the First Amendment's guarantee of free speech. The company had sued after its film "Don Juan," which it had refused to submit to the censors, was banned.

Justice Tom C. Clark asserted in his majority opinion that "it has never been held that liberty of speech is absolute." Clark warned, however, that the ruling did not empower city officials "to prevent the showing of any motion picture they deem unworthy of a license." Justices Felix Frankfurter, Potter Stewart, Charles E. Whittaker and John M. Harlan concurred.

Chief Justice Earl Warren, dissenting, charged that the ruling sanctioned "unlimited censorship of motion pictures before exhibition through a system of administrative licensing." He warned that the ruling "presents the real danger of eventual censorship for every form of communication, be it newspapers, journals, books, magazines, television, radio or public speeches." Justices William O. Doug-

las, Hugo L. Black and William J. Brennan Jr. joined in the dissent. [See Vol. XIX, p. 252F3]

**N.Y. Ferry & Tug Strike.** A 2-week strike of N.Y. ferry and tugboat crewmen Jan. 10-23 forced 100,000 commuters to find alternate methods of travel. It was ended Jan. 23 when 11 railroads and the N.Y. Harbor Railroad Council (made up of units of the AFL-CIO's Seafarers' International Union of North America, National Marine Engineers' Beneficial Association and International Organization of Masters, Mates and Pilots) accepted Labor Secy. Arthur J. Goldberg's proposal to submit the main strike issue, on job security and crew sizes, to the President's commission on railroad work-rules disputes. The commission, to report by December, was to be expanded to include representatives for the 3 unions. [See Vol. XX, p. 471E1]

The strike had begun Jan. 10 by 664 ferry and tugboat crewmen employed by 11 railroads; it was reinforced the same day when the Teamsters Joint Council, representing all N.Y. truck drivers, voted not to cross the picket lines. The ferries normally carried 30,000 commuters daily. A threatened cut-off of New York's food supply, posed by the Teamsters' decision, did not develop.

Picket lines were posted Jan. 16 at the N.Y. Central and New Haven Railroads. N.Y. Central trains into and out of Grand Central Terminal, normally carrying 40,000 daily commuters, were halted Jan. 17 when trainmen honored the pickets, and a shut down of the New Haven Jan. 18 affected 30,000 more commuters. Picket lines at Pennsylvania Station, seeking to halt Pennsylvania Railroad and Long Island Railroad service, were not honored by trainmen.

N.Y. Gov. Nelson A. Rockefeller, who said he had skipped attending the Presidential inauguration in order to help mediate the dispute, appealed unsuccessfully to the unions Jan. 20 for a 10-day halt in picketing the railroad terminals. (Commuting distress had been aggravated by heavy snowfall.) Goldberg entered the negotiations Jan. 22 on Rockefeller's request and consulted with Pres. Kennedy by phone several times.

Goldberg also helped settle a wage dispute that threatened to hamstring negotiations after the manpower issue had been settled. The wage settlement: basic wage raises of 2% retroactive to July 1, 1960; a 2d 2% raise Mar. 1; an increase of 45c a day for captains and engineers retroactive to July 1, 1960. Pre-strike daily wages ranged from $19.56 for deckhands to $29.98 for captains. [See Vol. XX, pp. 382B-F1, 12F3; XIX, 424B-C1]

## — LATIN AMERICA —

### *Argentina*

**Opposition Wins By-Elections.** Prof. Alfredo Lorenzo Palacios, 80, a Socialist, was elected senator in a congressional by-election in Buenos Aires Feb. 5. Palacios, running on a pro-Castro platform with Communist support, defeated 16 candidates, including incumbent Sen. Armando Turano of Pres. Arturo Frondizi's Radical Intransigent Party. Carlos Androgue of the opposition People's Radical Party defeated a Radical Intransigent candidate to win a seat as deputy from Buenos Aires. [See Vol. XX, p. 117D1]

### *Brazil*

**Cabinet.** Pres. Jânio da Silva Quadros' cabinet was appointed Jan. 30 and sworn in Feb. 1.

The Feb. 1 Brazilian cabinet: Foreign Min.—Affonso Arinos de Mello Franco; Justice—Dr. Oscar Pedroso Horta; Maritime—Adm. Sylvio Heck; Defense—Marshal Odylio Denys; Finance—Dr. Clemente Mariani; Highways and Public Works—Clovis Pestana; Agriculture—Dr. Romero Cabral; Education & Culture—Brigido Tinoco; Labor—Dr. Francisco Carlos de Castro Neves; Aviation—Brig. Gabriel Grum Moss; Health—Dr. Catete Pinheiro; Industry & Commerce—Arthur Bernardes Filho; Mines—Joao Agripino; Civil Affairs—Dr. Francisco de Paula Quintanilha Riberio; Military Affairs—Gen. Pedro Geraldo de Almeida; State Bank Pres.—Dr. Joao Batista Leopoldo Figueredo. [See p. 39C1]

### *Colombia*

**130 Slain by Bandits.** At least 130 peasants were slain by bandits Jan. 1-21 in Valle, Cauca, Caldas and Santander states, the government reported Jan. 23. The government attributed most of the violence to political disputes. [See Vol. XIX, p. 156C3]

### *Cuba*

**Guantanamo Water Supply Seized.** The Cuban government Feb. 4 seized the Yateras Water Co. aqueduct that supplies water to the U.S. naval base at Guantanamo. The base's water supply was uninterrupted, however. The government said it had seized the water firm because its owners, members of the Bacardi and Schueg families, had fled Cuba. U.S. State Department officials in Washington said that in an emergency, Guantanamo could rely on a desalting plant, additional water in base reservoirs and water tankers. [See p. 19F3]

**U.S. Aids Refugees.** U.S. Pres. Kennedy Feb. 3 ordered that money and surplus food totaling $4 million be provided to aid Cuban refugees in the U.S. in fiscal 1961.

The start of the program followed a 4-day survey of the Cuban refugee situation in the Miami area made by Health-Education-Welfare Secy. Abraham A. Ribicoff. The funds, authorized under a Mutual Security Act provision, would provide: (a) aid to voluntary relief agencies assisting Cuban refugees; (b) funds to help refugees settle in areas other than southern Florida; (c) public health services; (d) assistance to private and government agencies in locating jobs for exiles; (e) federal funds to local schools to defray the increased costs resulting from an influx of Cuban children; (f) surplus food distribution to the refugees. [See p. 39A2]

(Mr. Kennedy Feb. 3 asked Ribicoff for a further report on his recommendation for the establishment of a University of the Americas for U.S. and Latin students. Its faculty would be staffed by exiled University of Havana teachers.)

### *Haiti*

**Bishop Ousted by Mob.** The Right Rev. Msgr. Paul Jean Marie Robert, 59, French-born Roman Catholic bishop of Gonaïves, was forced to leave his diocese Feb. 3 by a mob that demanded his ouster and looted a church warehouse. Robert was escorted from his residence by an army officer and left for Port-au-Prince.

(The Vatican Feb. 1 appointed the Rev. Claudius Angenor, curé of Plaisance, as acting administrator of the Port-au-Prince archdiocese.) [See p. 8D2]

### *Peru*

**IAD Makes First Loan.** The Inter-American Development Bank Feb. 3 made its first loan: a $3,900,000 credit to Peru for Arequipa's water and sewage systems. [See Vol. XX, p. 305G2]

## — ECONOMY —

**Electrical Trust Sentences.** 29 major manufacturing firms and 44 of their officials, convicted of rigging bids and fixing prices in the annual sale of $1¾ billion worth of heavy electrical equipment during 1955-59, were fined a total of $1,924,500 (the corporations $1,787,000) Feb. 6-7 by U.S. District Judge J. Cullen Ganey, 61, in Philadelphia.

In addition, 7 of the officials were sentenced Feb. 6 to serve 30-day jail terms starting Feb. 13. 23 others were given suspended 30-day terms Feb. 6-7 and were put on 5 years' probation.

The penalties were imposed under 20 separate indictments.

Ganey, in a pre-sentence statement, pointed out that "virtually every large manufacturer of electrical equipment in the industry" had been implicated. "This is a shocking indictment of a vast section of our economy," he said. He agreed with the prosecution's charge that the defendants had "flagrantly mocked the image of that economic system of free enterprise which we profess . . . and destroyed the model which we offer today as a free world alternative to state control and eventual dictatorship." He held that "the real blame is to be laid at the doorstep of the corporate defendants and those [top corporation officials] who guide and direct their policy."

Ganey expressed a belief that most of the individual defendants "were torn between conscience and an approved corporate policy, with the rewarding objectives of promotion, comfortable security and large salaries—in short, the organization or the company man, the conformist who goes along with his superiors. . . ."

The General Electric Co., the heaviest-penalized corporate defendant (fined a total of $437,000 under 19 indictments), denied in a Feb. 7 statement that the actions of its 17 indicted officials conformed with GE's "corporate policy." Their acts were "in deliberate violation of General Electric directive policy," the statement said.

Atty. Gen. Robert F. Kennedy, in a statement read to the court Feb. 6, called the violations "so willful and flagrant that even more severe sentences would have been appropriate."

Those who received jail terms:

W. S. Ginn of Schenectady, N.Y., a GE vice president; Lewis J. Burger of Ft. Wayne, Ind., ex-manager of GE's Switchgear division; George E. Burens of Philadelphia, ex-GE vice president who had preceded Burger as Switchgear manager; J. H. Chiles Jr. of Pittsburgh, a Westinghouse Electric Corp. vice president and division manager; C. I. Mauntel of Philadelphia, sales manager of Westinghouse's Steam division; J. M. Cook, a vice president of Cutler-Hammer, Inc. of Milwaukee; E. R. Jung, a vice president of the Clark Controller Co. of Cleveland.

Ganey said he had "reluctantly" suspended the sentences of several others—including F. F. Loock, 68, president of the Allen Bradley Controller Co.—because of age or bad health.

## Firms and men sentenced Feb. 6:

Power transformers indictment—Westinghouse $40,000 fine, Chiles $2,000 (and jail term), manager R. N. McCollom $2,500 and suspended jail term; GE $40,000, Vice Presidents Ginn $5,000 (and jail term) and R. W. Smith $3,000 and suspended term, general manager R. W. Seaman $3,000 and suspended term; Allis-Chalmers Manufacturing Co. $25,000, Vice Pres. J. W. McMullen $3,000 and suspended term; McGraw-Edison Co. $20,000, Vice Pres. W. R. Swoish $5,000 and suspended term; Moloney Electric Co. $15,000; Wagner Electric Co. $10,000.

Power switchgear assemblies indictment—Westinghouse $20,000, assistant general manager Landon Fuller $3,000 and suspended term, sales managers A. W. Payne $1,000 and J. T. Thompson $2,000; Allis-Chalmers $10,000, assistant general manager L. W. Long $2,000 and suspended term, sales manager Frank M. Nolan $1,000, manager David Webb $1,000; Federal Pacific Electric Co. $10,000; GE $30,000, ex-general manager Burger $2,000 (and jail term), Vice Pres. Burens $4,000 (and jail term), general managers H. F. Hentschell $2,000 and suspended term and Frank E. Stehlik $3,000 and suspended term, manager Houston Jones $1,500; I-T-E Circuit Breaker Co. $10,000.

Turbine generator units indictment—GE $50,000, Ginn $7,500, sales manager W. E. Saupe $5,500 and suspended term; Allis-Chalmers $25,000; Westinghouse $35,000, Vice Pres. W. C. Rowland $4,000 and suspended term, sales manager Mauntel $1,000 (and jail term).

Industrial control equipment indictment—Allen Bradley Controller Co. $40,000, Pres. Loock $7,500; Clark Controller Co. $25,000, Vice Pres. Jung $2,000 (and jail term); Cutler-Hammer, Inc. $35,000, Vice Pres. Cook $2,000 (and jail term); GE $35,000, general manager W. F. Oswalt $4,000 (and suspended term); Square D Co. $35,000; Westinghouse $40,000, sales manager T. C. Finnell $1,500.

Power switching equipment indictment—Federal Pacific $15,000; GE $30,000, marketing manager G. L. Roark $1,500; I-T-E $15,000, division manager H. K. Wilcox $1,500 and suspended term; Joslyn Manufacturing and Supply Co. $10,000; H. K. Porter Co., Inc. $25,000, general sales manager John Romano $1,500 and suspended term; Schwager-Wood Corp. $15,000, Secy.-Treas. W. Maxwell Wood $7,500 and suspended term; Southern States Equipment Corp. $20,000, Vice Pres. J. E. Cordell $1,500 and suspended term.

Condensers indictment—Foster Wheeler Corp. $20,000; Allis-Chalmers $10,000; Carrier Corp. $7,500; Ingersoll-Rand Co. $20,000, Vice Pres. H. G. Conkey $4,000 and suspended term; Worthington Corp. $20,000, Vice Pres. A. M. Tullo $3,000 and suspended term; Westinghouse $25,000, Mauntel $1,500; C. H. Wheeler Manufacturing Co. $20,000, Pres. L. G. L. Thomas $4,000 and suspended term.

## Firms and men sentenced Feb. 7:

Distribution transformers indictment—GE $30,000, ex-general manager M. A. de Ferranti $3,500 and suspended term; Allis-Chalmers $20,000; Kuhlman Electric Co. $10,000, Vice Pres. Joel Watkins $2,500; Moloney Electric Co. $15,000; Wagner Electric $15,000; McGraw-Edison $25,000, Swoish $3,500, sales director A. R. Waehner $1,500; Westinghouse $30,000, manager Gordon C. Hulbert $2,000 and suspended jail term.

Oil circuit breakers indictment—GE $40,000, managers Clarence E. Burke $3,500 and suspended term and Royce Crawford $2,000; Allis-Chalmers $20,000, Long $1,500 and suspended term; I-T-E $10,000; Westinghouse $30,000, manager J. W. Stirling $1,500 and suspended term. (Ex-GE executive William H. Schiek was ill; his sentencing was postponed.)

Low voltage power circuit breakers indictment—I-T-E $5,000; GE $10,000, managers Stehlik $2,500 and R. W. Ayres Jr. $1,000; Westinghouse $5,000, Pyle $1,500, Thompson $2,000.

Low voltage distribution equipment indictment—Cutler-Hammer $10,000; Federal Pacific $25,000; GE $40,000; I-T-E $25,000; Square D $40,000; Westinghouse $35,000.

Watt hour meters indictment—Sangamo Electric Co. $10,000; GE $20,000; Westinghouse $15,000.

Insulators indictment—Ohio Brass Co. $20,000; GE $20,000; Lapp Insulator Co., Inc. $10,000; Porcelain Insulator Corp. $7,500; I-T-E $10,000; A. B. Chance Co. $7,500; McGraw-Edison $10,000; Porter Co. $10,000.

Power capacitators indictment—Cornell Dubilier Electric Corp. $20,000; McGraw-Edison $15,000; GE $20,000; Ohio Brass $7,500; Sangamo $7,500; Westinghouse $10,000.

Lightning arresters indictment—McGraw-Edison $10,000; GE $15,000; Hubbard & Co. $7,500; Joslyn Manufacturing and Supply Co. $10,000; Ohio Brass $7,500; Porter Co. $10,000; Westinghouse $15,000.

Instrument transformers indictment—Allis-Chalmers $7,500; GE $10,000; Westinghouse $7,500.

Network transformers indictment—McGraw-Edison $5,000; Allis-Chalmers $10,000; GE $15,000; Moloney Electric $5,000; Wagner Electric $2,000; Westinghouse $10,000.

Bushings indictment—Lapp Insulator $5,000; GE $10,000; Ohio Brass $10,000; Westinghouse $10,000.

Isolated phase bus indictment—H. K. Porter Co. $5,000; I-T-E $5,000; GE $10,000; Westinghouse $7,500.

Navy and marine switchgear indictment—I-T-E $7,500; GE $5,000; Westinghouse $7,500.

Open fuse cut-outs indictment—Chance Co. $10,000; GE $7,500; Hubbard & Co. $2,500; I-T-E $5,000; Joslyn Manufacturing & Supply $5,000; McGraw-Edison $10,000; Southern States Equipment $10,000; Westinghouse $10,000. [See Vol. XX, p. 462A-D3]

## Business & Financial Summary

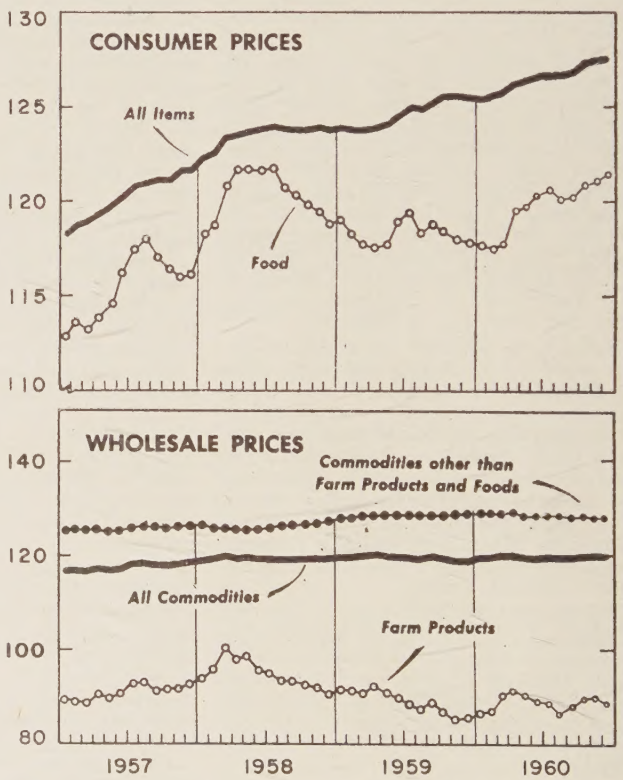
**Week Ended Feb. 4**

| | This Week | Last Week | Year Ago |
|---|---|---|---|
| **FINANCE:** | | | |
| **U.S. Treasury—** | | | |
| Monetary gold stocks | *$17,441 | *$17,490 | *$19,445 |
| Currency circulation | *$31,774 | *$31,964 | *$31,565 |
| **Banks—** | | | |
| Com'l & Ind'l loans§ | *[a]$31,150 | *$31,450 | *$28,845 |
| Agricultural loans | *[a]$1,082 | *$1,084 | *$897 |
| N.Y. bank clearings | $17,471,445,322 | $14,140,390,151 | $14,426,059,239 |
| England note circulation | *£2,196.183 | *£2,196.012 | *£2,098.651 |
| **N.Y. Stock Exchange—** | | | |
| Stock sales (shares) | 24,397,172 | 21,899,864 | 14,075,209 |
| Stock avgs. (100 shares)** | 241.70 | 239.68 | 227.39 |
| Bond sales (par value) | $39,016,000 | $38,216,000 | $29,179,000 |
| Bond avgs. (30 bonds)** | 86.57 | 86.42 | 83.99 |
| **INDUSTRY:** | | | |
| Auto output (cars & trucks)† | 125,278 | 115,257 | 192,760 |
| Crude oil (bbl. daily) | [b]7,197,910 | 7,215,510 | 7,136,160 |
| Soft-coal output (tons) | [c]7,080,000 | 7,825,000 | 8,650,000 |
| Electric output (kwh.) | *[b]15,361 | *14,817 | *14,417 |
| Carloadings (cars) | [b]476,403 | 490,049 | 605,046 |
| **PRICES:** | | | |
| Wheat (bu.) | $2.47 | $2.47 | $2.46⅝ |
| Corn (bu.) | $1.49⅜ | $1.45⅛ | $1.45⅝ |
| Cotton (lb.) | $.32¼ | $.32¼ | $.3315 |
| Steel scrap avg. (ton)[e] | $31.83 | $31.50 | $42.17 |
| Wholesale food index† | [d]$6.14 | $6.15 | $5.76 |
| Weekly whlsl. index (BLS)¶ | [d]120.0 | 119.9 | 119.2 |
| **BUSINESS:** | | | |
| Dept. store sales§¶ | [b]103 | 107 | 111 |
| Failures (Jan. 26)‡ | 400 | 340 | 281 |

### MONTHLY PRICE INDEXES (1947-49=100)

| | Dec. 1959 | Oct. 1960 | Nov. 1960 | Dec. 1960 |
|---|---|---|---|---|
| **Consumer,** all items | 125.5 | 127.3 | 127.4 | 127.5 |
| Food | 117.8 | 120.9 | 121.1 | 121.4 |
| Housing | 130.4 | 132.2 | 132.1 | 132.3 |
| Rent | 140.8 | 142.5 | 142.7 | 142.8 |
| Apparel | 109.2 | 111.0 | 110.7 | 110.6 |
| Medical care | 153.2 | 157.3 | 157.9 | 158.0 |
| Transportation | 148.7 | 146.1 | 146.5 | 146.5 |
| Public | 197.2 | 202.6 | 202.9 | 202.9 |
| **Wholesale,** all items | 118.9 | 119.6 | 119.6 | 119.5 |
| Farm products | 85.9 | 89.5 | 89.9 | 88.7 |
| Processed foods | 104.7 | 109.0 | 109.1 | 109.3 |
| Fuel, power & lighting materials | 111.7 | 116.2 | 116.1 | 116.2 |
| Machinery & motive products | 53.7 | 152.8 | 153.5 | 153.6 |
| Metals & metal products | 155.2 | 152.8 | 152.3 | 152.2 |
| Textile products & apparel | 96.7 | 95.8 | 95.4 | 95.2 |
| Apparel | 100.9 | 101.1 | 101.0 | 101.0 |
| **Dollar's purchasing power** as measured by-- | | | | |
| Consumer prices | 79.7 | 78.6 | 78.5 | 78.4 |
| Wholesale prices | 84.1 | 83.6 | 83.6 | 83.7 |

*In millions **N.Y. Herald Tribune †Ward's estimate ‡Dun & Bradstreet ¶1947-49=100 §Federal Reserve Board [a]Member banks, 107 cities, Jan. 25 [b]Jan. 28 [c]Jan. 21 [d]Jan. 31 [e]Iron Age




**The consumer price (cost-of-living) index rose 1½% in 1960 from 125.5% of the 1947-49 index in Dec. 1959 to 127.5% in Dec. 1960, the Bureau of Labor Statistics reported Jan. 27. There had been a .9% rise in 1959. The 1/10-point increase between November and December 1960 meant automatic hourly raises of 1¢ for 110,000 workers with escalator-pay contracts, mainly in metal-working and aircraft industries, and of 2¢ for some 40,000 others, about half of whom worked for Western trucking firms. The Commerce Department graphs above contrast the movements of all consumer prices and of consumer food prices only with the movements of comparable wholesale prices during the years 1957-60. The index base in all cases: 1947-49=100. [See table at left and Vol. XX, p. 432E1]**